

Development Impact Fees

An impact fee is a fee that is imposed by a local government on a new or proposed development project to pay for all or a portion of the costs of providing public services to the new development.

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Why Consider Impact Fees?

- Supports policy that growth pays a share of costs for increased demand for services.
- 2. Provides predictable costs to the developer.
- Does not require negotiation all projects are responsible for the same fees.

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Affordable Housing Incentive

- > Policy adopted in 2009
- > Impact fees are reimbursed from the Housing Incentive fund
- Amount of reimbursement depends on % of affordable units & % of Area Median Income served

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Consensus Building - Inform & Consult

- Updated information piece to neighborhood associations and industry organizations
- Presentations to NABA, Chamber of Commerce & NA Assoc. of Realtors

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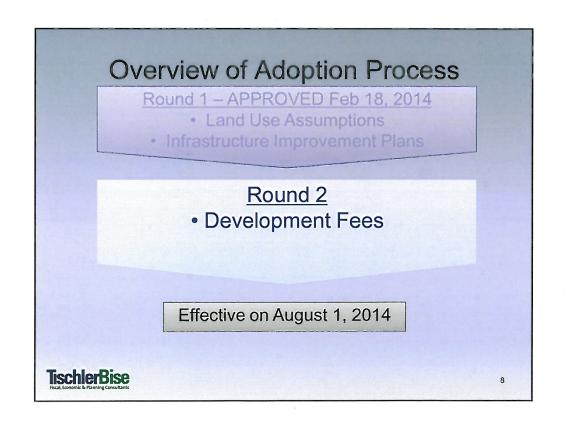
Overview of Adoption Process

Round 1 - APPROVED Feb 18, 2014

- Land Use Assumptions
- Infrastructure Improvements Plans
- Land Use Assumptions
 - Updated base year demographics reflect period of slow growth
 - · High population growth scenario used for projections
- Infrastructure Improvements Plan
 - Establishes <u>Proportionate Share</u> of demand by land use type
 - Establishes <u>Levels of Service</u>
 - Identifies necessary infrastructure to maintain levels of service

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Approved 10-Year Investment Plan to Maintain Levels of Service Fire Facilities - Debt Service* \$ 1,187,929 **Fire** 803,968 Fire Vehicles \$ Fire Apparatus - Debt Service* \$ 17,347 Fire Equipment - Debt Service* \$ 15,247 Fire Communications Equipment \$ 5,547 Fire Communications Infrastructure - Debt Service* \$ 53,881 IIP and Development Fee Study \$ 12,729 TOTAL \$ 2,096,648 Police Facilities \$1,163,213 **Police** Police Vehicles \$274,400 \$23,155 Police Communications Equipment Police Communications Infrastructure - Debt Service* \$77,646 IIP and Development Fee Study \$11,981 TOTAL \$1,550,395 * Debt Service costs shown above represent only the growth share of the debt obligation for a 10-year period **TischlerBise**



		per Housing Unit		Per Square Foot of Floor Area		
	ire	Single Unit	2+ Units	Commercial	Office	Industrial
		\$508	\$474	\$0.89	\$0.34	\$0.12
	Year	Housing Un	its Added	Squar	e Feet Added (1	.000)
Base	2013	16,833	10,324	4,195	6,084	5,316
Year 10	2023	17,954	11,011	4,599	6,648	5,873
	Ten-Yr Increase	1,121	687	404	564	557
	Projected Fees =>	\$569,468	\$325,638	\$359,560	\$191,598	\$66,787
		jected Revenues	\$1,513,051	C	osts - \$2,0	096.648
	Cumulative Net S	urplus/(Deficit)	(\$583,597)			
	1	Per Housing Unit		Per Square Foot of Floor Area		
PC	olice	Single Unit	2+ Units	Commercial	Office	Industrial
		\$388	\$362	\$0.63	\$0.25	\$0.09
		\$388	\$302	\$0.63	\$0.25	\$0.09
	Year	Housing Un	its Added	Squar	e Feet Added (1	.000)
Base	2013	16,833	10,324	4,195	6,084	5,316
Year 10		17,954	11,011	4,599	6,648	5,873
	Ten-Yr Increase	1,121	687	404	564	557
	Projected Fees =>	\$434,948	\$248,694	\$255,127	\$139,281	\$47,640
	Total Pro Cumulative Net S	jected Revenues	\$1,125,690	C	osts - \$1,	550,395
			(\$424,705)			
* Defic	it reflects portion	of existing deb	t obligation ne	ot recouped b	V	

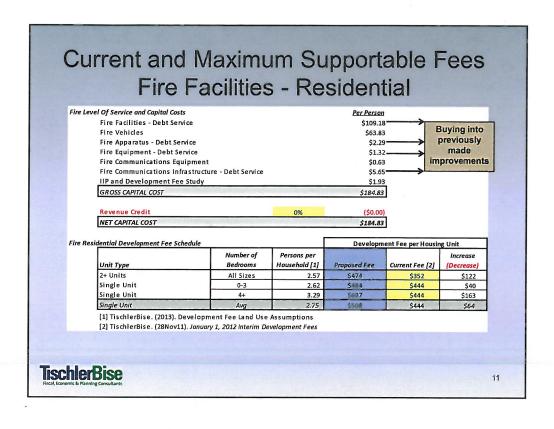
Maximum Supportable Fees and Comparison

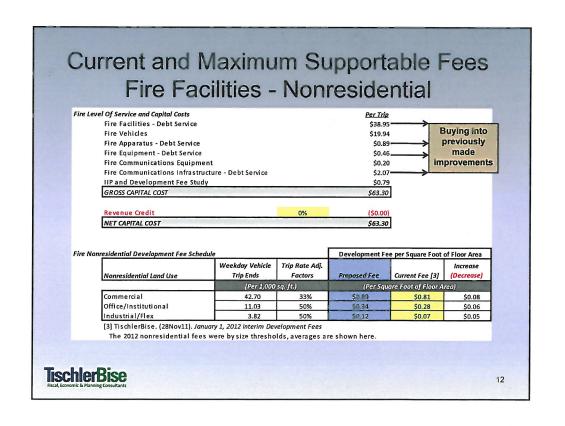
- Careful consideration to necessary public services
 - New Growth's proportionate share of capacity improvements
 - Predictable revenue for public safety capital budget
 - No other dedicated revenue for public safety capacity improvements.

Development F	ees by Land Use	Proposed	Existing	Net Change
	Number of Bedrooms	~ Per Hous	ing Unit~	
2+ Units	All Sizes	\$836	\$536	\$300
Single Unit	0-3	\$854	\$675	\$179
Single Unit	4+	\$1,071	\$675	\$396
Single Unit	Avg	\$896	\$675	\$221
		~ Per Square Foot of Floor Area ~		
Commercial		\$1.52	\$1.49	\$0.03
Office		\$0.59	\$0.52	\$0.07
Industrial	The state of the s	\$0.21	\$0.13	\$0.08

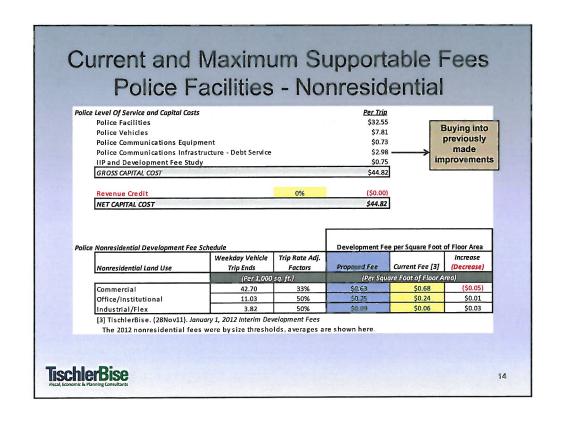
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Arizona Comparison of Proposed Fees

Proposed Development Fee for Average Single Residential Unit								
Jurisdiction	Fire	Police	Public Safety Total					
Coolidge	\$938	\$918	\$1,856					
Glendale	\$1,146	\$339	\$1,485					
Avondale	\$607	\$499	\$1,106					
Peoria	\$417	\$503	\$920					
Flagstaff	\$508	\$388	\$896					
Payson	\$406	\$407	\$813					
Chandler	\$412	\$277	\$689					
Mesa	\$272	\$402	\$674					
Queen Creek	\$490	\$167	\$657					
Sedona	na	\$511	\$511					
Prescott	\$319	\$114	\$433					
Apache Junction	na	\$161	\$161					

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Next Steps

- Finalize Development Fee Components
 - Confirm Components for inclusion in each Necessary Public Service IIP
- Submit Final Development Fee Study

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Flagstaff Adoption Process Schedule

- November 7, 2013 provide notice of public hearing on LU and IIP and publish draft on municipal website
- December 10, 2013 Elected Officials Work Session on Land Use Assumptions (LU) Infrastructure Improvements Plan (IIP)
- January 7, 2014 public hearing on LU & IIP
 - February 18, 2014 City Council adopts LU & IIP, provide notice of public hearing on development fees and publish materials on website
- April 1, 2014 public hearing on development fees
 30 days for consensus building and changes to development fees
- May 6, 2014 City Council adopts development fees 75 day mandatory wait period
- > July 31, 2014 fees become effective

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